

ANN ARBOR-DETROIT REGIONAL RAIL & NORTH-SOUTH COMMUTER RAIL (WALLY) PROJECTS

The Michigan Department of Transportation (MDOT), in cooperation with the Southeast Michigan Council of Governments and the Ann Arbor Area Transportation Authority, has refurbished and leased commuter rail cars for the proposed demonstration service for Ann Arbor-Detroit Regional Rail and the North-South Commuter Rail (WALLY) services. This demonstration was needed to prove ridership acceptance to support future federal funding for the permanent service. MDOT entered into a contract with Great Lakes Central Railroad (GLCRR) on April 6, 2010 to refurbish and lease up to 24 commuter rail cars. This resulted in refurbishing seven cab cars and 16 coaches that MDOT planned to use on the Ann Arbor-Detroit Regional Rail and North-South Commuter Rail services in the 2014/2015 time frame. At the same time, MDOT was working in parallel to progress rail infrastructure improvements and station work, utilizing federal funds that would be necessary to implement both commuter rail projects.

The commuter car refurbishment process included complete rebuilding of all wheel and wheel-frame assemblies, installation of all new seats, installation of new floor covering throughout, installation of all new exterior window panes, refurbishment of the heating, ventilation and air conditioning systems, painting the entire interior of each car, and making each car compliant with the Americans with Disabilities Act (ADA). All 23 cars were inspected a number of times during the refurbishment process including mechanical inspections by an Amtrak-certified inspector, inspections by Federal Railroad Administration (FRA) personnel to assure compliance with federal regulations, and an inspection by authorized Amtrak personnel to assure ADA compliance. All 23 cars were tested on GLCRR trackage at slower speeds, and six cars were tested at higher speeds between Pontiac and Jackson (the route where some of the cars would operate). In addition, disability advocate groups from the Ann Arbor area tested the ADA features of the refurbished car. The first car was completely refurbished in November 2011; the 23rd car was completely refurbished in March 2013. The inspections and tests on all 23 cars were completed by mid-2013.

The contract between GLCRR and MDOT required MDOT to make monthly lease payments of \$4,228 and \$3,730 for each cab and coach car respectively, 10 months after the cars were refurbished, inspected, and fully tested. This is the point in time when each car was considered to be "In Service." These "In Service" dates ranged from October 2013 to June 2014.

As of December 31, 2014 the contract, as amended, allotted a total of \$7.6 million for refurbishment (includes installation of restrooms in two coaches), an estimated \$17,000 for operating and maintenance, and \$2.7 million for lease costs. The operating and maintenance cost includes the cost of transporting the refurbished cars to display sites. The Federal Highway Administration (FHWA) funded \$2.8 million (27%)

and the remaining funds came from the State's Comprehensive Transportation Fund in the amount of \$7.5 million (73%). The total amount expended by the end of 2014 to lease and refurbish the 23 commuter rail cars was \$10.3 million, or \$447,800 per car.

The refurbishment of the 23 commuter rail cars by GLCRR created 21 new jobs. Two-thirds of the funds spent on refurbishment occurred in Michigan, and three-fourths of the firms that did the work are based in Michigan, creating additional work for Michigan workers. Several of these firms are based in the greater Owosso area. The refurbishment work resulted in GLCRR creating a new division devoted to refurbishing existing and constructing new passenger rail cars. In the last few years, GLCRR has refurbished several private passenger rail cars and constructed two new passenger rail cars for The Henry Ford in Dearborn, Michigan.

Initially, MDOT was working with the Federal Highway Administration (FHWA) as the lead federal oversight agency to implement these services under a Categorical Exclusion environmental approval. As the projects were progressing, the federal agencies determined that the Federal Transit Administration (FTA) was the proper agency to oversee implementation of these commuter rail projects. For the Ann Arbor-Detroit Regional Rail Project, FTA determined that MDOT needed to conduct a capacity analysis and more detailed environmental work, and that no further rail infrastructure improvements or station work beyond refurbishing the commuter rail cars could progress until these two items were completed. At the same time, MDOT was working with FRA to complete FRA-funded high speed intercity passenger rail projects in this same area. FRA determined that an additional capacity analysis must be done to insure that FRA's investment in the infrastructure for intercity passenger rail service is protected and not provided for future commuter rail service. These unforeseen changes have caused significant delays to the implementation of the Ann Arbor-Detroit Regional Rail Project. For the North-South Commuter Rail Project, FTA determined that a more detailed feasibility study needed to be done as the next step toward qualifying the proposed commuter rail service for federal funding, and this study is now underway.

As it became clear that the change in federal oversight agencies and other factors would result in a significant delay to the start of commuter rail service, MDOT began working with GLCRR to seek out interim uses for the cars to offset some of the lease costs until the proposed commuter services became operational. MDOT has had success with excursions, with cars being sub-leased for two events during 2014. These sub-leases offset some of MDOT's lease costs. MDOT has installed restrooms in two of the coaches for the primary purpose of making the cars usable for longer routes, such as intercity passenger rail service, thereby expanding the possibilities for interim use.

Other points:

- In 2009, the AATA advised MDOT that the new commuter project would be subject to Federal Transit Administration rules and regulations. Typically, new starts transit projects do work through the Federal Transit Administration (FTA) and this is what the AATA is very familiar with. However, trying to restart commuter rail in Michigan is a different situation. It is new to all parties involved so there was a lot of discussion on where to start initially. At the time MDOT was working with the Federal Highway Administration (FHWA) as they had potential funding for the demonstration project. FHWA was interested in looking at the multi-modal aspect of transportation solutions. Later it was determined by FHWA that the FTA and the Federal Railroad Administration (FRA) would be the appropriate lead federal agencies for a project like this. Both the FTA and FRA have more complex requirements to follow to get needed funding.
- The cars do comply with federal ADA regulations for commuter rail cars and systems. A portable lift would be used for passengers in wheelchairs or other mobility devices. These lifts could be located at each station served by the train. In addition, MDOT met with stakeholders in the disability community when the cars were going through the rehabilitation work. They offered suggestions and were quite pleased with what we have done.
- It was initially suggested by AATA that self-propelled, diesel passenger cars or diesel-multiple units (DMU) could be used on the Howell to Ann Arbor line in lieu of a conventional commuter train. MDOT's position was that we wanted equipment shared interchangeably between the Howell to Ann Arbor line and the Ann Arbor to Detroit line. Using the same equipment standardizes maintenance, operations, and crew training. Using these cars also offers flexibility and capacity on both lines. For instance with U of M football games, cars could easily be added for needed capacity. With DMU's there is a concern of maintaining an engine on each car. If a DMU engine needs maintenance, it takes revenue passenger space or the whole car out with it. This is very similar to when a motor breaks down on a bus and it takes the whole vehicle out-of-service. With a conventional commuter train, a locomotive can easily be swapped out with another to pull the train. After further discussion between AATA and MDOT, AATA agreed with MDOT approach.
- AATA has since changed their position and support MDOT in the lease of conventional commuter equipment.

Summary of contract amendments:

2009-0489/A1– Approved by the Transportation Commission on 8/25/11 and the State Administrative Board on 8/30/11

New work items will include exterior door kits, end diaphragms, branding, flooring, side linings and ceilings, wheelchair securement, seat replacements, and first aid kits.

Reduce state funding by \$567,204 and add federal funding of \$1,250,000 for an increased contract amount of \$682,796

2009-0489/A2– Approved by the Transportation Commission on 8/23/12 and the State Administrative Board on 9/13/12

New work items will include windows, trucks, stairwells, signage, electrical, alarm systems, first aid kits, fire extinguishers, dehumidifiers, and other yard improvements to power the completed cars.

Increase the contract amount by \$1,071,970 of State funds

2009-0489/A3– Approved by the Transportation Commission on 6/27/13 and the State Administrative Board on 7/9/13

State funding will be increased by \$350,000, including \$262,416 to provide for additional work on the refurbishment project and \$87,584 for an additional three months of lease payments.

2009-0489/A4– Approved by the Transportation Commission on 12/5/13 and the State Administrative Board on 12/17/13

State funding will be increased by \$1,193,236, including \$100,000 for maintenance and oversight of the 23 refurbished cars, continued conveyance of cars to and from static displays, and continued conveyance of cars to and from Amtrak pickup and release points for use in Amtrak special trains, and \$1,093,236 for an additional 12 months of lease payments

2009-0489/A5 A5 – Approved by the Transportation Commission on 1/22/15 and on the Agenda for the State Administrative Board for 2/3/15 (Not Executed)

Increase the contract amount by \$744,384 in state funding to provide for an additional nine months of lease payments.

MDOT remains optimistic that a viable, cost-effective, interim use of the cars will be arranged. A number of actions are underway to increase revenues and reduce costs regarding the refurbished cars. These include the following:

- Work with Amtrak to use as many of the refurbished cars as possible, especially the two coaches with restrooms, in revenue service on Michigan's intercity passenger routes.

- Request GLCRR to aggressively promote through advertising and other means interim uses of the refurbished cars in revenue service.
- Renegotiate the terms of the current MDOT/GLCRR car refurbishment and leasing contract, including the option of contract termination.

